



Technical Memo #9

Finance Program
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Introduction

This memorandum presents the transportation funding that is expected to be available for each of the Cities over the next 20 years based on historical budget data. This memorandum also documents potential funding sources, including grants, that the cities may be able to apply for to fund design and construction of specific projects identified in the Transportation System Plan (TSP).

20-Year Financial Forecasts

The 20-year financial forecast for each City is documented below. As each City relies primarily on local funding for improvements and maintenance of the City's transportation system, the information below is based on budget data from recent years.

Manzanita

Historically, revenue for the City's Road Fund has come from franchise and utility agreements, street permit fees, grants, transfers from the general fund, and the motor vehicle tax. Based on data from fiscal year (FY) 2019/2020 and 2020/2021, the City has also had a carryover balance that would be available for future expenditures. **Table 1** presents the annual revenues, expenditures and the 20-year forecast for transportation related funds.

Table 1. Manzanita 20-Year Financial Forecast

Line Items	Actuals		Average	20-Year Forecast
	FY 19/20	FY 20/21		
Revenues				
Franchise & Utility Agreements	\$ 83,617	\$ 89,140	\$ 86,379	\$ 1,727,570
Street Permit Fees	\$ 2,000	\$ 4,300	\$ 3,150	\$ 63,000
Motor Vehicle Tax	\$ 41,076	\$ 46,404	\$ 43,740	\$ 874,800
Grants	\$ 5,919	\$ 40,478	\$ 23,199	\$ 463,970
Earned Interest	\$ 5,376	\$ 2,336	\$ 3,856	\$ 77,120
Total	\$137,988	\$182,658	\$160,323	\$3,206,460
Expenditures				
Personnel Services	\$ 82,504	\$ 63,409	\$ 72,957	\$ 1,459,130
Materials & Services	\$ 28,895	\$ 44,527	\$ 36,711	\$ 734,220



Table 1. Manzanita 20-Year Financial Forecast

Line Items	Actuals		Average	20-Year Forecast
	FY 19/20	FY 20/21		
Transfers to Other Funds	\$ 9,200	\$ 9,200	\$ 9,200	\$ 184,000
Total	\$120,599	\$117,136	\$118,868	\$2,377,350
<i>Potentially Available Funds (Revenues-Expenditures)</i>			\$ 41,456	\$ 829,110

As shown in **Table 1**, Manzanita is expected to have approximately \$40,000 available for transportation improvements annually and \$830,000 available over the next 20 years.

The 20-year forecast assumes that revenues and expenditures will not substantially change over the next 20 years. For purposes of this forecast, the beginning fund balance was not considered under revenues, and one-time costs (capital outlay) were not included under expenditures. Based on the City’s proposed 2022/2023 budget, the city is budgeting approximately \$600,000 for street repair/improvement under Capital Outlay. Many of the identified solutions for Manzanita could be incorporated in street repair/improvement projects. As funds are available, the City should explore opportunities to pair street repair with projects identified through the TSP process that enhance streets for people walking and biking.

Nehalem

In Nehalem, Street Fund resources have historically come from transfers from other funds, the state motor vehicle tax, and franchise fees. **Table 2** presents the annual revenues, expenditures and the 20-year forecast for transportation related funds based on actual revenues and expenditures from FY 2019/2020 and FY 2020/2021.

Table 2. Nehalem 20-Year Financial Forecast

Line Items	Actuals		Average	20-Year Forecast
	FY 19/20	FY 20/21		
Revenues				
Franchise & Utility Agreements	\$ 24,867	\$ 25,759	\$ 25,313	\$ 506,260
Motor Vehicle Tax	\$ 19,832	\$ 20,339	\$ 20,086	\$ 401,710
Earned Interest	\$ 1,173	\$ 690	\$ 932	\$ 18,630
Transfers From Other Funds	\$ 32,000	\$ 28,000	\$ 30,000	\$ 600,000
Total	\$77,872	\$74,788	\$76,330	\$1,526,600



Table 2. Nehalem 20-Year Financial Forecast

Line Items	Actuals		Average	20-Year Forecast
	FY 19/20	FY 20/21		
<i>Expenditures</i>				
Personnel Services	\$ 20,194	\$ 21,953	\$ 21,074	\$ 421,470
Materials & Services	\$ 7,597	\$ 14,312	\$ 10,955	\$ 219,090
Utilities & Insurance	\$ 15,282	\$ 18,249	\$ 16,766	\$ 335,310
Total	\$43,073	\$54,514	\$48,794	\$975,870
Potentially Available Funds (Revenues-Expenditures)			\$27,537	\$550,730

As shown in **Table 2**, Nehalem is forecast to have approximately \$30,000 available annually and \$500,000 available of the next 20 years for transportation related projects, including maintenance and repairs if the City continues to transfer funds from the Timber Fund.

The 20-year forecast, shown in the table above, assumes that revenues and expenditures will not substantially change over the next 20 years. For purposes of this forecast, available cash on hand was not considered under revenues, and one-time costs (capital outlay) were not included under expenditures.

Wheeler

Based on historical data, resources for Wheeler’s Street Fund have come from business licenses, 50 percent of franchise fees, grants, and the state motor vehicle tax. **Table 3** presents the annual revenues, expenditures and the 20-year forecast for transportation related funds based on actual revenues and expenditures from FY 2019/2020 and FY 2020/2021.

Table 3. Wheeler 20-Year Financial Forecast

Line Items	Actuals		Average	20-Year Forecast
	FY 19/20	FY 20/21		
<i>Revenues</i>				
City Business Licenses	\$1,459	\$1,442	\$1,451	\$29,010
Franchise Fees	\$15,422	\$15,902	\$15,662	\$313,240
Grants	\$13,888	\$94,406	\$54,147	\$1,082,940
Motor Vehicle Tax	\$28,331	\$28,778	\$28,555	\$571,090
Earned Interest	\$1,421	\$440	\$931	\$18,610

Table 3. Wheeler 20-Year Financial Forecast

Line Items	Actuals		Average	20-Year Forecast
	FY 19/20	FY 20/21		
Miscellaneous Income	\$55	\$50	\$53	\$1,050
Total	\$60,576	\$141,018	\$100,797	\$2,015,940
Expenditures				
Personnel Services	\$24,538	\$21,471	\$23,005	\$460,090
Materials & Services	\$14,811	\$18,211	\$16,511	\$330,220
Transfers to Other Funds	\$5,000	\$5,000	\$5,000	\$100,000
Total	\$44,349	\$44,682	\$44,516	\$890,310
Potentially Available Funds (Revenues-Expenditures)			\$56,282	\$1,125,630

As shown in **Table 3**, Wheeler is forecast to have approximately \$56,000 available annually and \$1.1M available of the next 20 years for transportation related projects, including maintenance and repairs.

The 20-year forecast, shown in the table above, assumes that revenues and expenditures will not substantially change over the next 20 years. For purposes of this forecast, available cash on hand was not considered under revenues, and one-time costs (capital outlay) were not included under expenditures.

Potential Funding Sources

This section documents options for local funding sources that each of the Cities could explore to increase funds in their Roads/Street Fund and grants that the Cities may be eligible for and that could be used to fund transportation related projects.

Local Funding Sources

System Development Charges

System Development Charges (SDCs) are charges that may be applied to new development within the City. Once in place, these charges may be used to increase the system capacity to accommodate new users. In Oregon, cities may charge SDCs for services including water, transportation, sewer, stormwater, and parks and recreation. If adopted, revenue from SDCs could be used to complete TSP projects that build new transportation facilities, including off-



street connections for people walking and biking. Current application of SDCs in Nehalem Bay are as follows:

- **Manzanita** – The City currently has SDCs for water, storm water, and parks but not for transportation. The City should consider updating its SDCs to include funding for transportation facilities.
- **Nehalem** – The City currently has SDCs for water. The City's 2022/2023 budget includes funds to complete an SDC study. This study should include evaluation of SDCs for transportation in addition to other services.
- **Wheeler** – The City currently has SDCs for water, storm water, and parks but not for transportation. The City should consider updating its SDCs to include funding for transportation facilities.

Local Gas Taxes

Another local option to supplement funding available for street projects is the local gas tax. At the local level, gas taxes are implemented by levying a business license tax on fuel dealers. This tax is set at a rate of cents per gallon of fuel sold by the dealer. HB 2001 requires that any proposed gas taxes or increases to existing taxes must be approved through a public vote. A review of current tax rates, available through ODOT, indicates that 35 cities currently have local gas taxes with rates ranging from \$0.015 to \$0.10 per gallon.

Urban Renewal Areas

Urban Renewal Areas (URAs) or Tax Increment Financing (TIF) have been used by communities across the state to fund transportation improvements. Creating a URA is a way to improve poorly developed or under-developed areas using a portion of the revenue generated by property taxes from properties in the URA.

Transportation Utility Fees

Transportation Utility Fees (TUFs) are monthly fees that are collected from residences and business as part of their water/sewer bills. These fees are applied based on the number of trips the land use is likely to generate. Most cities use these funds to supplement funds for road and sidewalk maintenance, but these funds can be used for one time capital improvements. Based on data gathered in 2011, 19 cities in Oregon have adopted this revenue source, the nearest to Nehalem Bay being Bay City. These are typically assessed as a flat fee for residential uses and either size of commercial space or in some cases, the number of trucks. In cities where TUFs are in place, this revenue contributes to between 15 and 20 percent of the revenue in the city's street fund.

Grants

In recent years, the Cities have received grant funding through ODOT to complete transportation improvements. It is expected that these will continue to be the primary way for each of the Cities to fund the projects identified through the TSP process. Grants that may be available to the cities are described in more detail below, along with a brief description of the types of projects that may be eligible.

Safe Routes to School (SRTS)

ODOT provides funding for SRTS projects, under two umbrellas – construction and education. For the 2023-2024 and 2025-2026 funding cycles, \$30M in funding will be available with 87.5% of that allocated to competitive grants. Projects that are eligible for this funding source include projects that are:

- Within the public road right-of-way
- Within one-mile of a school
- At or within the funding request minimum and maximum
- Have adequate local match
- Have support of the school or school district
- Provide a safety benefit
- Included in or aligned with an existing plan
- Committed to outreach

Funds from this program are allocated through a competitive grant process that consists of two applications typically due in March and July.

As the only City with a school, only projects in Nehalem would be eligible for this grant. Projects most likely to receive funding through this program include the construction of sidewalks on key routes to school and crossing improvements at critical crossings.

Sidewalk Improvement Program (SWIP)

This program distributes State Pedestrian and Bicycle funds to construct projects that improve facilities for walking and biking. For the 2021-2024 State Transportation Improvement Program (STIP) a total of \$22.2M was budgeted for allocation by the ODOT regions. Projects eligible for funding under this program are projects that are:

- Located on or along a state highway
- Located within the public road right-of-way
- Standalone projects or additions on to another project
- Improving conditions for people walking and biking through a safety or access improvement



- A bikeway, walkway, or crossing safety improvement
- Are not a pedestrian or bicycle improvement triggered by a larger project
- Not serving motor vehicles
- In the right-of-way, utility relocations, preliminary engineering, construction, inspection, or project close out phases
- Identified as a need in a plan or in the region's Active Transportation Needs Inventory and support implementation of Oregon Bicycle and Pedestrian Plan policies and priorities

Funds for this program are allocated on a rolling application basis as available. The Cities should coordinate with the Region 2 Pedestrian and Bicycle Program manager to identify opportunities to apply for funding through this program.

As projects that would be eligible for this must be located on Highway 101, sidewalk improvements through Nehalem and Wheeler are likely to be the most competitive TSP projects for this grant.

Great Streets

This program will leverage funding from the IIJA to improve state highways that run through communities. Funding under this program will be allocated towards state highways that are focused on moving traffic and that do not adequately address pedestrian and bicycle safety needs or support community and economic vitality. While specific criteria for this funding source have not yet been developed, it is expected that the projects identified in this study would be eligible for funding through this program. The Cities should continue to tracking funding opportunities as criteria and the application process are further defined.

As projects that would be eligible for this must be located on Highway 101, place making projects, bicycle improvements, and sidewalk improvements through Nehalem and Wheeler are likely to be the most competitive TSP projects for this funding source.

Oregon Community Paths

The Oregon Community Paths program is geared towards helping communities create and maintain connections through multiuse paths. Eligible projects to receiving funding under this grant include:

- Continuous paths made up of one or more connected segments that are primarily physically separated from the roadway
- Paths that connect two or more communities, with each community no more than 15 miles apart, or traverses a single large community with a path that is 10 miles or longer



- Paths that will serve as a connection point for people commuting between communities, or is a part of an officially designated walking and bicycling route
- Paths that are endorsed by elected bodies along path alignment

It is expected that \$9.6M in funding will be available for the 2022-2024 funding cycle. Applications for this grant are on a two-year cycle with pre-applications due in the fall and applications accepted November through January. The proposed off-street bicycle and pedestrian connections between the three communities, including the Salmonberry Trail are likely to be competitive for this grant.

Statewide Transportation Improvement Program (STIP)

The Statewide Transportation Improvement Program or “STIP”, is ODOT’s capital improvement plan for state and federally funded projects. The STIP is developed by the Oregon Transportation Commission and ODOT in coordination with a wide range of stakeholders and the public. The STIP includes the following investment areas:

- Fix-it programs
- Enhance highway programs
- Safety programs
- Non-Highway programs
- Local government programs
- Other functions

Funding allocated by the STIP is typically directed to regionally important projects that will enhance safety and improve operations at the regional level. Projects that may be eligible for funding through the STIP include the safety projects on Highway 101 along with the intersection improvements at the Highway 101/7th Street intersection.

Recreational Trails Program

This federally funded program, which is administered by the Oregon Parks and Recreation Department, provides funds for local agencies to develop, improve, or expand motorized and non-motorized trails and their facilities. Eligible projects for these funds include:

- Construction of new trails
- Major rehabilitation of existing trails
- Development or improvement of trailhead or other support facilities
- Acquisition of land or easements for the purpose of trail development



- Safety and education projects

Typically, grant submittals for the annual awards are due in November with annual allocations of \$1.6M. The proposed off-street bicycle and pedestrian connections between the three communities, including the Salmonberry Trail, are likely to be competitive for this grant.

Small City Allotment

The Small City Allotment program is an annual allocation of state funds to local transportation projects. Under this program, ODOT sets aside \$5M for incorporated cities with a population of 5,000 or less. Funding received through this program may only be used on streets that are inadequate for the capacity they serve or are in a condition that creates a safety hazard for users. Funding under this program is limited to \$250,000 per project and is awarded through a competitive process, with applications typically due in July.

All three Cities have a population below 5,000 and would be eligible for funding through this program. Funds received from this program could be used on TSP projects that would repair and enhance existing roadways within the three Cities.